

MINUTES
OF THE
MEETING OF THE BOARD OF DIRECTORS
OF THE
FEDERAL CROP INSURANCE CORPORATION

A meeting of the Board of Directors (Board) of the Federal Crop Insurance Corporation (FCIC) was held on February 15, 2017, in Washington, DC. The public was invited to attend the open session portion of the meeting.

Meeting
February 15, 2017

The meeting was called to order at 9:00 am, February 15, 2017, in Room 6610, South Agriculture Building, U.S. Department of Agriculture, Washington, DC.

Call to Order
Open Session

The Board immediately went into executive session to discuss confidential matters with Risk Management Agency (RMA) staff and submitters of private products under the Federal Crop Insurance Act (Act).

Executive Session

Open session of the Board reconvened at 2:00 pm.

Reconvene Open
Session

Kim Arrigo read the recitation to all members of the Board to advise the Board of its responsibilities in representing the interests of the FCIC and USDA and advised each member to act accordingly.

Recitation

The Chairman requested Board members to introduce themselves. Present were Rob Johansson, Chief Economist, USDA; James Bardenhagen, Iris Saenz, John Finston, Margaret Goode, Ellen Linderman, Kenneth Sneed and Heather Manzano, Acting Manager, FCIC, constituting a statutory quorum, and Robin Anderson, Secretary, FCIC.

Present

Also present were Robert Ibarra, Richard Flournoy, Tom Worth, Ron Lundine, Tim Hoffman, Robert Ebel, and Leiann Nelson from RMA; Kim Arrigo and Isabel Rosa from the Office of the General Counsel; Clif Parks and Keith Schumann from AgriLogic LLC; Robert Cerda and Gary Hatcher from Crop Insurance Systems; and Alex Offerdahl from Watts and Associates. Present by phone were Tara Ponds, Margaret Flood, Matthew Mitchell, Terry Katzer, Chandra Mason, Claire White, Tracey Keene, and Ryan Seeley from RMA; and Bill Smith from AgriLogic.

Chairman Johansson asked Heather Manzano for the Manager's Report. Mrs. Manzano stated that the [Manager's Report](#) is available on line.

Manager's Report

Hearing no objection, Dr. Johansson agreed to dispense with a reading of the Manager's Report. (Exhibit 4393)

Dispense with Reading Report

A motion was made and seconded to dispense with the reading of the Minutes and to approve the Minutes (Exhibit 4394) of the meeting of the Board held on November 17, 2016.

Dispense with Reading Minutes

The motion carried. (Exhibit 4394)

Approved

The next agenda item was Docket No. CI-Section 508(h) Submission Machine Harvested Cucumbers User Fee Request 02 15-17 01, which the Chair noted was tabled as requested by the submitters. (Exhibit 4386)

Section 508(h)
Machine
Harvested
Cucumbers User
Fee
Tabled

Chairman Johansson offered the following resolution Docket No. CI Section 508(h) Confidential Submission 0061 02-15-17 01, which was seconded:

Confidential
Submission 0061

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0061 02-15-17 01, Exhibit 4396, as well as other materials that were submitted to the Board on this matter, the Board hereby approves the revisions to Confidential Submission 0061, as discussed in executive session, beginning with the crop year the Manager determines is practicable with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4396)

Approved

Chairman Johansson offered the following resolution Docket No. CI Section 508(h) Confidential Submission 0059 02-15-17 01, which the Chair noted was tabled as requested by the submitters. (Exhibit 4397)

Confidential
Submission 0059
Tabled

Chairman Johansson offered the following resolution Docket No. CI-Section 522(b) Concept Proposal 141 02-15-17 01, which was seconded:

Concept Proposal
141

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to consider paying an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT RESOLVED: That pursuant to the information contained in Docket No. CI-Section 522(b) Concept Proposal 141 02-15-17 01, Exhibit 4398, the Board approves the advance payment of \$225,000.00 for Concept Proposal 141 as authorized under section 522(b) of the Federal Crop Insurance Act.

By approving the advance payment of estimated research and development expenses, the Board is not approving or endorsing the estimated hours, wage rates, or costs requested by the submitters. The submitters will be required to prove that all costs are necessary and reasonable.

By accepting the advance payment or additional advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the July 2018 submission period.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4398)

Approved

Chairman Johansson offered the following resolution Docket No. CI-Section 508(h) Confidential Submission 0056 02-15-17 01, which was seconded:

Confidential
Submission 0056

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0056 02-15-17 01, Exhibit 4399, as well as other materials that were submitted to the Board on this matter, the Board hereby approves the revisions to Confidential Submission 0056, as discussed in executive session, beginning with the crop year the Manager determines is practicable

with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h) of the Federal Crop Insurance Act contingent upon the submitter providing the information discussed in Executive Session to the Risk Management Agency (RMA), and RMA determines the changes are appropriate, AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4399)

Approved

Chairman Johansson offered the following resolution Section 508(h) Confidential Submission 0062 02-15-17 01, which was seconded:

Confidential
Submission 0062

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews of any policy or plan of insurance, or any related material or modification of a policy or plan of insurance proposed to be offered under the Act, NOW THEREFORE BE IT RESOLVED: That pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0062 02-15-17 01, Exhibit 4400, the Board approves expert review for Confidential Submission 0062, contingent upon the submitter providing the information discussed in Executive Session, and the Risk Management Agency determines the changes are appropriate, and directs that the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the Board approved persons or entities, or the alternates in case the proposed persons are not available.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4400)

Approved

Chairman Johansson offered the following resolution Section 508(h) Submission Downed Rice Endorsement User Fee Request 02-15-17 01, which was seconded:

Section 508(h)
Downed Rice
Endorsement
User Fee

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Downed Rice Endorsement

User Fee Request 02-15-17 01, Exhibit No. 4401, as well as other materials that were submitted to the Board on this matter, the Board hereby approves the user fee of 2.42%, up to a maximum of \$120,000.00 to be applied as a percent of premium for the Downed Rice Endorsement plan of insurance beginning with the 2018 insurance year, with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 522(b)(4)(D) of the Federal Crop Insurance Act, is hereby approved. AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4401)

Approved

Chairman Johansson offered the following resolution Section 508(h) Confidential Submission 0057 02-15-17 01, which was seconded:

Confidential
Submission 0057

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0057 02-15-17 01, Exhibit 4402, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0057 beginning with the crop year the Manager determines is practicable with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4402)

Approved

Chairman Johansson offered the following resolution Section 508(h) Confidential Submission 0058 02-15-17 01, which was seconded:

Confidential
Submission 0058

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0058 02-15-17 01, Exhibit 4403, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0058 beginning with the crop year the Manager determines is practicable with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4403)

Approved

Chairman Johansson offered the following resolution Section 508(h) Confidential Submission 0063 02-15-17 01, which was Seconded:

Confidential
Submission 0063

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0063 02-15-17 01, Exhibit 4404, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0063, as discussed in Executive Session, beginning with the crop year the Manager determines is practicable with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4404)

Approved

Chairman Johansson offered the following resolution Section 508(h) Confidential Submission 0060 02-15-17 01, which was Seconded:

Confidential
Submission 0060

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0060 02-15-17 01, Exhibit 4405, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0060, beginning with the crop year the Manager

determines is practicable with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4405)

Approved

Rob Johansson, Chairman to the Board then read the following statement (Exhibit 4407):

Sense of the Board

The Board of Directors of the Federal Crop Insurance Corporation, acknowledges the role of private crop insurance submissions to the success of the Federal crop insurance program over the last 17 years pursuant to section 508(h) of the Federal Crop Insurance Act. These submissions have expanded crop insurance to many specialty crops and introduced a number of insurance options that have helped producers across the country more effectively manage risk. A critical consideration in the development of these privately submitted insurance products is the reimbursement of development costs of the submitters and the payment of submitters' maintenance costs for private submissions that have been approved.

The Board takes its responsibility to account for the taxpayer dollars used by the Federal crop insurance program very seriously, including the amounts paid to provide these cost reimbursements to private submitters, pursuant to section 522(b) of the Federal Crop Insurance Act. Over the past several years, the Board has had many discussions with the submitters about concerns it has with the depth, consistency, and completeness of the reimbursement data provided by private submitters as required by section 522(b), the associated regulations at 7 CFR 400.712, and procedures issued by the Board. The Board's concerns were not with the statutory or regulatory requirements, but rather with the form and detail of the data provided pursuant to the Board's procedures.

Based on discussions with private submitters at the September 2016 Board meeting, we believed that the type of changes sought in the November procedures were mostly clarifying in nature and consistent with the manner in which many of those submitters

